

Message Text

CONFIDENTIAL

PAGE 01 MONTEV 02751 161804Z

ACTION ARA-14

INFO OCT-01 ISO-00 EB-08 AID-05 TRSE-00 COME-00 HA-05

IO-13 CIAE-00 INR-10 NSAE-00 INRE-00 SSO-00 L-03

SS-15 NSCE-00 SP-02 /076 W

-----108928 161807Z /50

O 161717Z AUG 78

FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC IMMEDIATE 7062

C O N F I D E N T I A L MONTEVIDEO 2751

E.O. 11652: GDS

TAGS: EFIN, SHUM, UY

SUBJ: IFI LOAN TO URUGUAY

REF: A) MONTEVIDEO 2667 B) RUSER-PEZZULLO TELCON AUG 15

C) MONTEVIDEO 2666

1. ACODIKE, A RELATIVELY SMALL BUSINESS, PERFORMS AN ESSENTIAL SERVICE OF SUPPLYING COOKING GAS TO HOMEOWNERS AND GIVES EMPLOYMENT TO SOME 140 WORKERS. IT IS 100 PERCENT OWNED AND EFFICIENTLY MANAGED BY GROUP OF URUGUAYAN SMALL BUSINESSMEN WHO HAVE NO CONNECTION WITH THE GOVERNMENT, AS THEY STRESSED IN MEETINGS WITH EMBOFFS. IN SUM, THIS IS A LOW PROFILE TRANSACTION BETWEEN APPARENTLY DESERVING ELEMENTS OF THE URUGUAYAN PRIVATE SECTOR AND THE IFC, OF WHICH WE SUSPECT THE GOU IS VERY LIKELY UNAWARE.

2. GIVEN THE NATURE OF THIS TRANSACTION WE ARE UNABLE TO SEE HOW A USG VOTE OPPOSING IT CAN CONTRIBUTE POSITIVELY TO ADVANCING OUR HUMAN RIGHTS OBJECTIVES IN URUGUAY AT THIS TIME. BOTH THE FIRMNESS AND CONTENT OF USG POLICY ON HUMAN RIGHTS IN URUGUAY ARE WELL UNDERSTOOD AND APPRECIATED BY THE GOU. A FURTHER NEGATIVE USG ACTION ON THIS SMALL PRIVATE SECTOR LOAN WHICH DOES NOT INVOLVE THE GOU WILL NOT REINFORCE THIS AWARENESS. THOSE WHO SUFFER WILL BE URUGUAYAN WORKERS AND BUSINESSMEN IN THE PRIVATE SECTOR.

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WHILE WE SEE NO POSITIVE BENEFIT THERE MAY BE NEGATIVE FALLOUT. THE HARDLINERS HERE MIGHT WELL BE ABLE TO EXPLOIT A NEGATIVE USG VOTE TO ADVANCE THEIR ENDS TO THE DETRIMENT OF OUR OBJECTIVES, PARTICULARLY AT A TIME WHEN THERE ARE INDICATIONS OF POSSIBLE TIVE MOVEMENT BY THE MODERATES (REF C).

3. SINCE WE DERIVE NO BENEFIT FROM A NEGATIVE VOTE AND I CANNOT SUPPORT A YES VOTE, I RECOMMEND WE ABSTAIN. OUR DECISION ON THIS

QUESTION SHOULD BE BASED ON AN AWARENESS OF THE CURRENT REALITY
HERE RATHER THAN SOLELY ON THE PAST RECORD. THE MODERATE FORCES
WHO NOW CONTROL THE GOU GIVE EVERY EVIDENCE OF WANTING TO MOVE
IN A POSITIVE DIRECTION. WE SHOULD SUPPORT THEM AND, WHEN
POSSIBLE, AVOID TAKING ACTIONS WHICH WORK TO THEIR DETRIMENT. THE
VOTE ON THIS LOAN IS A CASE IN WHICH WE CAN DO SO BY ABSTAINING,
AND I BELIEVE WE CAN GET SOME MILEAGE OUT OF IT.
PEZZULLO

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NNNN

Message Attributes

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Decaption Note:
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Disposition Case Number: n/a
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Disposition History: n/a
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